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CIFI Holdings (Group) Co. Ltd.
旭輝控股(集團)有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 00884)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
DISPOSAL OF 60% INTEREST IN THE SYDNEY PROPERTY**

THE CIFI DISPOSAL

On 14 February 2024, the CIFI Vendor (an indirect non-wholly owned subsidiary of the Company) and the Purchaser (an Independent Third Party), among others, entered into the Sale and Purchase Agreement, pursuant to which the CIFI Vendor conditionally agreed to sell its 60% interest in the Property (which represents 16 adjacent land parcels located in Sydney) to the Purchaser at a consideration of AUD66,300,000 (equivalent to approximately HK\$338,793,000).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the CIFI Disposal exceed 5% but are below 25%, the CIFI Disposal constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the completion of the CIFI Disposal is subject to the satisfaction or waiver (as the case may be) of certain conditions precedent stated in the Sale and Purchase Agreement, the CIFI Disposal may or may not proceed. Accordingly, shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

THE SALE AND PURCHASE AGREEMENT

On 14 February 2024, the CIFI Vendor (an indirect non-wholly owned subsidiary of the Company) and the Purchaser (an Independent Third Party), among others, entered into the Sale and Purchase Agreement, pursuant to which the CIFI Vendor conditionally agreed to sell its 60% interest in the Property (which represents 16 adjacent land panels located in Sydney) to the Purchaser at a consideration of AUD66,300,000 (equivalent to approximately HK\$338,793,000).

The principal terms of the Sale and Purchase Agreement in respect of the CIFI Disposal are set out below:

Date : 14 February 2024

Parties : (1) CIFI Vendor
(2) Greaton Vendor
(3) Purchaser

For further details, please refer to the paragraph headed “Information of the Group and Other Parties of the Sale and Purchase Agreement”.

Assets to be disposed of : 60% interest in the Property by the CIFI Vendor

Consideration

The consideration for the CIFI Disposal (the “**Consideration**”) is AUD66,300,000 (equivalent to approximately HK\$338,793,000), which will be paid in the following manners:

- (a) AUD3,315,000, representing 5% of the Consideration, shall be deposited into the bank account of the CIFI Vendor’s solicitor (an Independent Third Party) upon the signing of the Sale and Purchase Agreement, and such sum will be released to the bank account designated by the CIFI Vendor upon Completion; and
- (b) AUD62,985,000, being the remaining amount of the Consideration, shall be paid to the bank account designated by the CIFI Vendor upon Completion.

In the event that the CIFI Vendor is required to pay relevant surcharge duty applicable to foreigner with total amount being AUD3,000,000 or more resulting from the CIFI Disposal, the Purchaser agrees to reimburse partial payment at maximum of AUD1,500,000 (the “**Surcharge Reimbursement**”). In consideration of the Purchaser’s contingent obligation for the Surcharge Reimbursement, the CIFI Vendor agrees to reimburse the Purchaser an amount of not exceeding AUD105,000, which must be paid to the Purchaser at Completion.

The Consideration was determined after arm's length negotiations among the parties, after taking into account (i) the amount of funds that the CIFI Vendor has invested in the Property in the sum of approximately AUD43,670,000; (ii) the unaudited net book value of the Property as at 31 December 2023 of approximately AUD58,301,000; (iii) further capital required for onward development of the Property that expects the CIFI Vendor to contribute in the sum of not less than AUD40,000,000; (iv) the indicative prices offered by the potential purchasers approached by the selling agent and the prevailing condition of the property industry in Sydney; and (v) the intention of the Greaton Vendor to dispose their 40% interest in the Property and the willingness of the Purchaser to acquire the entire interest in the Property.

The net proceeds from the CIFI Disposal, after deducting the selling agent's commission and other expenses to be borne by the CIFI Vendor (approximately AUD858,500) and repaying the facility granted by a financial institute for acquisition and development of the Property in support of which the Property is mortgaged (the "**Facility**") (approximately AUD32,900,000), which are estimated to be approximately AUD32,541,500 (before tax and surcharges), are intended to be used in support of the offshore debt restructuring of the Group.

Condition precedent

The CIFI Disposal is conditional upon the following conditions:

- (1) the CIFI Vendor procuring relevant Australia governmental authority's consent to vary the conditions imposed by the no objection notice issued under the Foreign Acquisitions and Takeovers Act 1975 (Cth) ("**FATA**") in connection with the CIFI Vendor's previous acquisition of the 60% interest in the Property so that the CIFI Vendor can sell the 60% interest in the Property to the Purchaser without breaching the conditions imposed by the said no objection notice or any other requirements of FATA; and
- (2) the CIFI Vendor procuring that the Development Manager (i) procures from the designated key consultants who provide services for the development consent and the plans, reports and specifications in respect of the Property copies of the deliverable plans, reports and specifications they prepared and delivers the same to the Purchaser by 15 February 2024, and (ii) enters into consultant agreements with the said consultants and provides the fully signed agreements to the Purchaser by 15 February 2024.

In the event that the above condition precedent (1) is not fulfilled before the Long Stop Date, either party may rescind the Sale and Purchase Agreement by notice to the other party.

In the event that the above condition precedent (1) is satisfied but the above condition precedent (2) is not satisfied by 15 February 2024 (unless otherwise extended by the Purchaser), the Purchaser is entitled to terminate the Sale and Purchase Agreement.

Completion

Completion is expected to take place on (i) the tenth business days after the above conditions precedent are satisfied or, as the case may be, waived (in respect of the above condition precedent (2)), or (ii) 29 February 2024, whichever is later.

INFORMATION OF THE PROPERTY

The Property represents 16 adjacent land parcels located at 22, 24, 26, 28, 30, 32 & 34 Berry Road, 21, 23, 25, 27, 29 & 31 Holdsworth Avenue and 42, 44 & 46 River Road, St Leonards, Sydney, Australia with a land lot of approximately 8,700 square metres, which is expected to be developed into five apartment buildings for residential use with a total gross floor area of approximately 22,800 square metres. As at the date of this announcement, the development consent has been obtained for the Property but the construction has not commenced.

The registered owners of the Property are the CIFI Vendor and the Greaton Vendor which hold 60% and 40% interest in the Property respectively.

The Property did not generate any profit for the years ended 31 December 2022 and 2023.

The unaudited net book value of the Property as at 31 December 2023 was approximately AUD58,301,000 (equivalent to approximately HK\$297,918,000).

FINANCIAL EFFECT OF THE CIFI DISPOSAL

Based on the Consideration (i.e. AUD66,300,000), the Group's accumulated investment into the Property (i.e. approximately AUD43,670,000), the selling agent's commission and other expenses (i.e. approximately AUD858,500) and the repayment amount of the Facility (i.e. approximately AUD32,900,000), the Company expects to record a loss of approximately AUD11,128,500 (equivalent to approximately HK\$56,867,000) from the CIFI Disposal (before taxes and surcharges). Apart from the above, the CIFI Disposal is not expected to have immediate material impact on the financial position of the Group.

The above figures are for illustrative purpose only. The actual loss in connection with the CIFI Disposal will be subject to the amount of taxes and surcharges to be assessed by the relevant taxation departments in Australia, and the review and final audit by the independent auditors of the Company.

INFORMATION OF THE GROUP AND OTHER PARTIES OF THE SALE AND PURCHASE AGREEMENT

The Group

The Group is principally engaged in the businesses of property development, property investment and provision of property management services in the PRC.

The CIFI Vendor

The CIFI Vendor is a company incorporated in Australia and an indirect non-wholly owned subsidiary of the Company whose principal business is holding 60% interest in the Property (as tenant in common) for development purpose as at the date of this announcement.

The Greateon Vendor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, (i) the Greateon Vendor's principal business is holding 40% interest in the Property (as tenant in common) for development purpose; (ii) the Greateon Vendor is the trustee of a unit trust, which is ultimately held by Bei Chu Family Trust with Ms. Bei Chu being its trustee and Ms. Bei Chu and her certain family members being its beneficiaries; and (iii) apart from holding the said 40% interest in the Property, the Greateon Vendor and its ultimate beneficial owners are all Independent Third Parties. Under the Sale and Purchase Agreement, the Greateon Vendor conditionally agreed to sell simultaneously, and on the same terms and conditions as the CIFI Vendor, its 40% interest in the Property to the Purchaser at a consideration of AUD44,200,000 (equivalent to approximately HK\$225,862,000).

The Purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, (i) the Purchaser is principally engaged in diversified development and is a residential property developer and home builder in Australia; (ii) the Purchaser is a wholly-owned subsidiary of Sekisui House, Ltd. (a company incorporated in Japan, the shares of which are listed on the Tokyo Stock Exchange (stock code: 19280) and the Nagoya Stock Exchange (stock code: 19280)); and (iii) each of the Purchaser and its ultimate beneficial owner(s) are all Independent Third Parties.

REASONS FOR AND BENEFITS OF THE CIFI DISPOSAL

To ease the Group's offshore liquidity pressure and to finance its business operation, the Group has been actively exploring opportunities for offshore asset disposal. Due to the interest rate hikes and the rise in construction costs in Australia, the financing costs and development costs of the Property are expected to increase. The Directors consider that the CIFI Disposal allows the Group to prevent incurring the said extra costs and further tightening the offshore liquidity, and capture the good opportunity to sell the interest in the Property under the prevailing property market in Sydney.

The Directors are of the view that the terms of the Sale and Purchase Agreement are fair and reasonable and the Sale and Purchase Agreement and the transaction contemplated thereunder are on normal commercial terms and in the interests of the Company and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the CIFI Disposal exceed 5% but are below 25%, the CIFI Disposal constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the completion of the CIFI Disposal is subject to the satisfaction or waiver (as the case may be) of certain conditions precedent stated in the Sale and Purchase Agreement, the CIFI Disposal may or may not proceed. Accordingly, shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context requires otherwise:

“Australia”	the Commonwealth of Australia
“AUD”	Australian Dollar, the lawful currency of Australia
“Board”	the board of Directors
“CIFI Disposal”	disposal of 60% interest in the Property to the Purchaser by the CIFI Vendor pursuant to the terms and conditions of the Sale and Purchase Agreement
“CIFI Vendor”	CIFI St Leonards Pty Ltd, a company incorporated in Australia and an indirect non-wholly owned subsidiary of the Company
“Company”	CIFI Holdings (Group) Co. Ltd. (旭輝控股(集團)有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the CIFI Disposal pursuant to the terms and conditions of the Sale and Purchase Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Development Manager”	CIFI St Leonards Development Management Pty Ltd, a company incorporated in Australia and a joint venture owned as to 60% by an affiliated company of the CIFI Vendor and 40% by an affiliated company of the Greateon Vendor
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Greateon Vendor”	Greateon St Leonards Holdings Pty Ltd, a company incorporated in Australia and an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 April 2024, or such other date as the CIFI Vendor or the Purchaser may extend which cannot be extended beyond 30 June 2024 unless otherwise agreed between the parties under the Sale and Purchase Agreement
“percentage ratios”	has the same meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Property”	16 land parcels located at 22, 24, 26, 28, 30, 32 & 34 Berry Road, 21, 23, 25, 27, 29 & 31 Holdsworth Avenue and 42, 44 & 46 River Road, St Leonards, Sydney, Australia
“Purchaser”	SH South St Leonards Pty Ltd, a company incorporated in Australia and an Independent Third Party
“Sale and Purchase Agreement”	the sale and purchase agreement dated 14 February 2024 entered into (among others) between the CIFI Vendor and the Purchaser in respect of the disposal of the Property
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of AUD1.00 = HK\$5.11 has been used, where applicable, for illustration purpose only and does not constitute any representation that any amount has been, could have been or may be exchanged at that rate or at any other rate.

By order of the Board
CIFI Holdings (Group) Co. Ltd.
LIN Zhong
Chairman

Hong Kong, 14 February 2024

As at the date of this announcement, the Board comprises Mr. LIN Zhong, Mr. LIN Wei, Mr. RU Hailin, Mr. YANG Xin and Mr. GE Ming as executive Directors; and Mr. ZHANG Yongyue, Mr. TAN Wee Seng and Ms. LIN Caiyi as independent non-executive Directors.